GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:3999
ANSWERED ON:14.12.2001
COST OF SUGAR IN INTERNATIONAL MARKET
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the cost of sugar in international market is lower than to cost of its domestic production in India; and

(b) if so, the steps proposed to be taken to reduce the cost further and make Indian Sugar more competitive globally?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION V.SREENIVASA PRASAD)

(a): The prices of sugar in international market do not necessarily reflect the cost of production of sugar in the exporting countries due to export subsidies given on export of sugar by certain countries and domestic support given for production of sugar. As regards cost of production of sugar in India, Government does not maintain the data in this regard. However, due to the cane pricing system followed in India and other factors, the Indian sugar is generally not competitive in the global market.

(b): The cost of production of sugar depends, interalia, on the cost of sugarcane, size/ capacity of the plant and its operational efficiency. The cost of sugarcane in relation to the cost of production of sugar depends upon the right variety of sugarcane, yield per hectare of sugarcane, and recovery percent cane.

In order to enable sugar factories to undertake sugarcane development programme in its area of operation, and to undertake modernization cum expansion of capacity programmes, financial assistance is provided from the Sugar Development Fund. As on 30.09.2001, an amount of Rs.694.10 crores has been sanctioned in 626 cases for cane development purposes. Similarly, as on 30.09.2001, an amount of Rs.1176.29 crores has been sanctioned in 224 cases for modernization / expansion of capacity / rehabilitation of plant and machinery. Besides, in 1993 Government set up a Sugar Technology Mission (STM) to render technical help for modernization of the Indian sugar industry and for its technological up gradation.
Recently, Government has circulated to the State Governments and the apex bodies of the sugar industry certain suggestions for reducing the cost of cultivation of sugarcane.